

Message Text

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C O N F I D E N T I A L MUSCAT 551

E.O. 11652: GDS

TAGS: BEXP, BGEN, MU

SUBJECT: OMANGOV REQUESTS ASSISTANCE ON PIPE PRICES

1. BEGIN UNCLAS DEPUTY DIRECTOR OF FINANCIAL AFFAIRS COUNCIL, QAIS ZAWAWI (WHO IS ALSO MINISTER OF STATE FOR FOREIGN AFFAIRS) HAS REQUESTED EMBASSY'S ASSISTANCE IN CONTACTING KAISER STEEL CORPORATION FOR INFORMATION ON STEEL PIPE PRICES. LAST SEPTEMBER PIPE WAS PURCHASED BY OMANGOV THROUGH GERMAN MANNISMAN COMPANY. MANNISMAN PLACED ORDER NUMBER NGPO-PL-102 WITH KAISER, CONTACT WILLIAM WHALEN, MANAGER FOR INTERNATIONAL SALES. OMAN NOW CONSIDERING RESALE OF PIPE SINCE LPG PROJECT FOR WHICH IT WAS INTENDED HAS BEEN CANCELED. TO CLOSE DEALINGS WITH MANNISMAN AND OBTAIN FAIR PRICE FOR THE PIPE, OMAN GOVT REQUESTS FOLLOWING INFORMATION:

A. MARKET PRICE FOR PIPE AT TIME OF PURCHASE SEPT. 20, 1974 (OMANIS WOULD OF COURSE PREFER TO KNOW WHAT MANNISMAN HAD TO PAY FOR IT);

B. PRESENT MARKET PRICE;

C. WHETHER, IF NEGOTIATIONS WITH MANNISMAN UNSATISFACTORY, KAISER WOULD BE WILLING TO UNDERTAKE RESALE OF PIPE ON OMAN'S BEHALF, OR SUGGEST RELIABLE AGENT TO DO SO. END UNCLAS

2. BEGIN CONFIDENTIAL

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EMBASSY COMMENT: PROMPT RESPONSE TO THIS REQUEST IMPORTANT

FOR SEVERAL REASONS: OMANGOV HAS APPROXIMATELY \$21 MILLION OBLIGATED TO THIS PIPE; SELLING IT WOULD BE A BENEFICIAL CONTRIBUTION TO EFFORTS TO IMPROVE ITS FINANCIAL SITUATION. ALSO, OUR HELPING OMANIS TO RECOVER FACE IN PURCHASING ERROR WOULD BE WELL APPRECIATED. MOST IMPORTANT, THIS REQUEST PRESENTS AN EXCELLENT OPPORTUNITY TO DEMONSTRATE OUR COMMERCIAL ASSISTANCE PROGRAM TO THE HIGHEST LEVELS OF OMANGOV IN GENERAL AND PARTICULARLY QAIS ZAWAWI, WHO WIELDS CONSIDERABLE INFLUENCE IN GOVERNMENT, FINANCE, AND PRIVATE BUSINESS COMMUNITY. IT IS THE MOST IMPORTANT REQUEST OF THIS NATURE IN A LONG TIME AND WE SHOULD TAKE FULL ADVANTAGE OF IT.

3. UNDERLYING REQUEST IS OMANGOV SUSPICION THAT THEY MAY HAVE PAID UNWARRANTEDLY HIGH PREMIUM TO MANNISMAN. OBVIOUSLY, INQUIRIES WITH KAISER MUST BE HANDLED DISCREETLY SINCE EMBASSY AND USG CANNOT BE PLACED IN POSITION OF INTERFERING IN OR ADJUDICATING COMMERCIAL DISPUTE BETWEEN OMANIS AND THEIR GERMAN CONTRACTOR. END CONFIDENTIAL.
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